



# **Albania Enterprise Development & Export Market Services (EDEM)**

## **YEAR 2 ANNUAL REPORT**

## **QUARTERLY REPORT**

For the periods

**1 October 2004 – 30 September 2005**

**1 July 2005 – 30 September 2005**

Prepared by

**Development Alternatives, Inc.**

For

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

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# **Albania Enterprise Development & Export Market Services**

## **EDEM**

This document incorporates two reports regarding the EDEM project:

- 1) The Year 2 Annual Report covering the period from 1 October 2004 through 30 September 2005; and
- 2) The Quarterly Report covering the period from 1 July 2005 through 30 September 2005.

Incorporated by reference in the Annual Report are EDEM's Year 2 Quarterly Reports previously submitted to USAID.

The document is organized around the different EDEM activities. Each activity section begins with a summary of the Year 2 results, details of the efforts can be found in the Year 2 Quarterly Reports, which is followed by a discussion of the activities and results for the past Quarter.

### **A. ACTIVITY SUMMARY**

EDEM is expected to contribute to USAID/Albania's Economic Growth Strategic Objective, Growth of Self-Sustaining Private Enterprises (SO 1.3), and the following Intermediate Results: \*\*

- IR # 1 – Competitiveness Capacity of Assisted Enterprises Strengthened;
- IR # 2 – Access to Assisted Enterprises to Credit Increased; and
- IR # 3 – Competitive Business Environment Improved.

\*\* Please note, the SO and IR's were revised in the fall of 2004 and differ from the SO and IR's identified in the DAI/EDEM contract.

In addition, EDEM is expected to contribute to USAID/Albania's SO # 2.1 – Increased Involvement of Civil Society in Economic and Political Decision-Making – and its IR # 1 – Increased Citizen Participation in Public Discussion on Key Government Issues, as well as link with IR # 3.2 – Public Advocacy Against Corruption Strengthened.

Project activities during Year 2 focused in two major areas:

- implementing the transition from sole reliance on a cluster approach to support development of Albania's private sector competitiveness to an

approach combining industry-wide efforts with a more intense firm level assistance involvement; and

- providing firm level assistance including: developing individual business profiles, developing ‘action plans’ for the delivery of assistance and implementing specific assistance needs.

### Year 2 Highlight Examples

#### *Meat Processing*

- EDEM offered direct assistance to 11 leading Albanian meat processing companies, two meat associations and a machinery supplier.
- Technical assistance to eight meat processing companies contributed considerably to developing their business capability and competitiveness. September 2005 company interim business performance indicators indicate a sales increase varying from 5 to 50 % at a total value of \$1,874,500 new sales. Sales were supported by \$1,800,000 of new factory reconstruction and technology investments; 100 new jobs created of which 48 were female. Average number of products per company increased from 25 to 38. Each meat processing company gained from one to four new markets and introduced from 3 to 15 new business practices.
- EDEM assisted Bardhi produce a successful business plan and helped the company present it to financial institutions. By successfully securing bank financing of \$620,000 the company managed to resolve its critical financial state and make significant factory and technology investments.
- EDEM is helping Meat Master and Albidea to build quality management systems that will lead to ISO 9001 certifications.

#### *Herbs/Spices*

- During Year 2 Albanian herb and spice companies considerably upgraded their overall businesses capability. As a result, the industry is becoming more diversified and competitive due to the range of the products offered and continuously improved quality. The industry is repositioning itself towards more value adding and making better use of market intelligence.
- Further processed products - Rubbed Sage and Ground Sage produced for the first time in Albania by two different herb and spice businesses in response to information developed from EDEM market research.
- Bio-certified products – three herb and spice businesses underwent Organic Inspection (ATC, Xherdo and Elbashehu); one company obtained the bio-certificate; the other two received certification in November.
- Commercial cultivation – several Albanian herb and spice companies are cultivating commercially viable items (Lavender, Sage, Oregano, Lemon Balm, Cyan, and Monarda).

- New products developed – new formulations of packaged teas and spices from three herb and spice businesses (ATC, Tealb and Pepa) introduced into the domestic market.
- Technology upgrades – three herb and spice purchased cleaning and packaging equipment allowing them to produce higher quality products.
- Enhanced market knowledge – businesses attended international trade fairs (Germany Green Week Study Tour, B2B Skopje) that significantly helped them gain exposure to international trends and developments of the herb and spice industry world wide.

### *Tourism*

- In FY05, two media tours were organized involving 10 journalists from five countries. Eight articles were published in European and US outlets with circulation to an audience of over 500,000 readers and listeners in key generating markets. A media tour organized at the end of FY04 resulted in four articles published in European newspapers.
- The “Greetings from Albania” postcard attracted over 350 postcards from 300 students in 10 communities. The Greetings campaign received international press coverage through the USAID publication Frontlines, Seeurope.net, and e- turbo News; the latter is circulated to over 200,000 travel professionals in 232 countries.
- EDEM has made it possible for small and medium-sized hotels to accept and immediately confirm internet room reservations. Seventeen hotels have registered on the Web Reservations International system. The WRI booking engine is available on 3,000 websites, including Lonely Planet and Rough Guides, giving Albanian hotels free promotion via these sites. In less than two months, four hotels had already received 10 bookings.
- In collaboration with BKT Bank, EDEM arranged for 55 hotels and travel agencies to exhibit at Albania travel promotional events in Skopje and Pristina. This was the first organized effort to proactively market to Macedonians.
- EDEM installed the first tourism information stand at Rinas airport in May 2005. An average of over 340 brochures per week from the Ministry of Tourism, 80 businesses, municipalities and organizations have been distributed to inbound travelers.

### *Leather Goods*

- EDEM is working, in cooperation with ACIT, to assist several footwear producers in preparing and implementing marketing plans and training the firms in export development. As a result of this effort Angelo shoes in Korça will soon begin footwear production for a buyer in Athens, Greece under a production contract for sales in the Albanian, Greek and Italian markets.

### *Industry Demonstration Companies*

- Vila, the first producer of white button mushrooms in Albania, a woman owned company, has built business alliance with the largest mushroom producer in Macedonia and found a key supply source for compost, the most important raw material. EDEM is also assisting the firm in re-negotiating the terms of its existing loan with a commercial bank so that it can meet the repayments from its current cash flow and have sufficient working capital to further its production goals.
- Poseidon Company is expanding its operation from currently only working with the canning of anchovies using semi-processed imported raw material to source and fully process the raw materials in Albania and to expand the operation to also can sardines using fresh fish from Albanian waters. EDEM is assisting the company to locate equipment from Spain, Norway and Denmark for the planned factory and helping develop a strategy to rebuild an Albanian based anchovies and sardine fishing fleet. When the new plant is in operation in the spring/summer of 2006, it is expected to employ a minimum of 100 to 150 full time production workers, most of whom will be female.
- Vellizerit AK, with EDEM's assistance, is identifying new export market opportunities and securing financing to complete the construction of its modern cool storage facilities. Vellizerit has been introduced to two major Norwegian importers of fruits and vegetables. One of these has received and tested samples of potatoes, and has expressed active interest in placing a trial order to test the potatoes in the market. The other company has agreed to place a trial order for cauliflowers and potatoes expected to be shipped in December. The expectation is that this company will source part of its EUR 30 million a year import program from Albania, and will also induce other major Norwegian fruit and vegetable importing organizations to source part of their requirements in Albania. EDEM has introduced the company to two banks, both of which have expressed interest in providing loans based on the recommendation from EDEM and the fact that EDEM is providing technical support to the company.

### *Training*

- EDEM has completed three Train of Trainers programs in 1) Leadership; 2) Management Skills and Human Resources Management; and 3) Business Ethics.
- From the ToT efforts, 7 individuals are now capable of providing Leadership training to the Albanian business community; 13 individuals in Management Skills and Human Resources Management; and 17 individuals in Business Ethics.
- The first Leadership workshop provided to the business community attracted 12 businesses from a variety of industries.

*EDEM's Contribution to USAID/Albania's Strategic Objective 1.3*

The following table provides an overview of EDEM's progress in supporting USAID/Albania's Strategic Objective 1.3.

*EDEM's Contribution to USAID/Albania's Strategic Objective 1.3*

Indicator	Baseline 2003	Quarter July – Sept. 2005	LOP Actual through Sept. 2005	Life of Project Target
S.O. 1 Number of self-sustaining private enterprises benefiting directly from USAID assistance.	NA	10	71	87
S.O. 2 Number of private enterprises benefiting indirectly from USAID assistance.	NA	44	681	942
S.O. 3 Value (in 000,000 Lek) of sales of Albanian products and services in domestic markets by USAID-assisted enterprises.	1,781.	1,124.8	4,499.4	8,116.2
S.O. 4 Value (in 000,000 Lek) of target Albanian products and services exported by USAID-assisted enterprises.	110.6	366.7	1,467	1,349.9
I.R. 1.1 Number of assisted enterprises with increased productivity and/or improved quality of products or services.	NA	12	42	52
Sub-IR 1.1 Number of people trained in new technologies	NA – new		133	TBD
Sub-IR 1.2 Number of people trained in good management practices	NA – new		129	TBD
Sub-IR 1.3 Number of people trained in marketing strategy	NA - new		113	TBD
I.R. 1.2 Number of assisted enterprises that implement a marketing strategy for their products and/or services.	NA	5	25	38
I.R. 2.1 Number of loans to assisted enterprises from commercial banks.	NA	12	16	24
I.R. 2.2 Number of loans to assisted enterprises from non-bank sources.	NA	7	26	29
I.R. 2.3 Value of loans to assisted enterprises from commercial banks (in 000,000 Lek).	NA	191.8	366.8	145.0
I.R. 2.4 Value of loans to assisted enterprises from non-bank sources (in 000,000 Lek).	NA	73	158.6	101.0

**Employment Generation:**

Indicator	Quarter July – Sept. 2005	LOP Actual through Sept. 2005	Life of Project Target
Number of Employees of assisted enterprises F- female, M- male, T- total	F 913 M 305 T 1218	F 1495 M 752 T 2,247	F 1,470 M 1,030 T 2,500

*Updated this year:* Albidea, Bardhi, Meat Master, Rozafa Kaci, Abdua, Tona Co., Erba, Tealb, Gurra, Expres, Xherdo, Pienvis, Pepa, E.H.W., Gulliver Travel, Villa, Amarilto, Hotel Voskopoja, Hotel Vlora International, Hotel Tomorri, Grabimeks, Hotel Mangalemi Tomi, Albes Turist, Iceberg Publicity, Hotel Mondial, Albatrading, Islam Meat Center, Magic Tours, Castle Park, Poseidon, SAM, Sh.P.K., Hotel Adriatik, Shkodra Travel, Elbashehu, Hodaj&Borel, and Shkala.

*New companies entering the database of assisted this quarter:* Vellezrit AK, Kampion, EN&ZY, Sejega, Hotel Oaz, Hotel Adriatik, Shkodra Travel, Preval TA, Elbashehu, and Hodaj&Borel.

## **B. BUSINESS ASSISTANCE ACTIVITIES**

### **MEAT PROCESSING**

#### **Year 2 Highlights**

In Year 2 EDEM provided tailored assistance packages to eight meat processing companies in response to client identified needs. This assistance included general management support and strategic planning, marketing and sales, human resources management, production operations and quality assurance systems, accounting and finance. EDEM also facilitated several trade information and business-to-business activities, as well as trainings benefiting 11 meat processing companies, two meat associations and a machinery supplier.

Strategic management and planning support was offered to Meat Master, Tona Co, Bardhi, and Rozafa Kaci by developing guidelines for their market growth strategies. EDEM supported Bardhi's efforts to produce a comprehensive business plan and helped present the plan to financial institutions. By securing bank financing of \$620,000, the company managed to resolve its critical financial state and undertake large factory and technology investments.

EDEM collaborated with USAID's Livestock Services Center Project in assisting Tona Co on market launch activities for its new canned meat products. Similar marketing assistance was provided to Meat Master in organizing promotional activities to support its high end dry meat products newly on sale in Tirana and Durres markets. Bardhi Company and Rozafa Kaci were assisted during trade promotions in Tirana and Durres. Such activities vastly improved the market presence of these companies by scoring additional retail contacts and increasing sales in these new market areas. Tona Co, Rozafa Kaci, Arani, Albidea and Meat Master developed, with assistance from EDEM, new company promotional materials such as posters, leaflets and TV programs. Domestic market research and market contact information was provided to these companies to support their sales growth.

Based on company requests, EDEM is assisting in designing new factory layouts to support Tona Co, Rozafa Kaci and Pienvis investments geared toward increasing their respective production capacities. These additional production facilities will almost



double production capacities to support ongoing market expansion and help the companies comply with international food safety standards.

Domestic and international trade show information, market research and market contacts were shared with companies as part of EDEM's effort to promote increases in company sales. EDEM provided business visit assistance to a major Italian ingredient supplier at Rozafa Kaci and a group of Kosovar poultry producers at Enzy hatching operation. These visits respectively increased technology support for Rozafa Kaci and strengthened business links for Enzy's efforts to export day-old chicks to Kosovo.

EDEM organized seminars and workshops for the meat industry to supply in-depth information on Kosovo and Macedonia meat products markets, tariff and non-tariff barriers for export. A technology workshop was facilitated in collaboration with Multivac, a vacuum packaging supplier, to demonstrate its most advanced machinery. In addition, individual company visits for Multivac were facilitated. Six leading meat processing companies attended a business-to-business meeting facilitated by EDEM to introduce Euromax Supermarket to the Albanian food industry. Three of these companies signed contractual agreements with Euromax to supply them with Albanian produced meat products. EDEM delivered training modules on company management skills to two meat company leaders and help three companies in the selection and recruitment process for new marketing staff – the first time any of these firms employed a full-time marketing person.

EDEM is helping Meat Master and Albidea to build quality management systems that will take them on the road to ISO 9001 certifications. The companies progressed significantly during FY05 in terms of developing quality control registration, and are expected to qualify for international certification early in FY06.

The technical assistance provided by EDEM to these eight meat processing companies contributed considerably to developing their business capability and competitiveness. September 2005 company interim business performance indicators confirm their growing success; aside from Bardhi's sales drop of 10 % due to its critical financial difficulties, the seven other meat processing companies reported sales increases varying from 5 to 50 % with a total value of \$1,874,500 in new sales. This sales boost was supported \$1,800,000 in new factory reconstruction and technology investments and by the creation of 100 new jobs of which 48 female employees. The average number of products per company increased from 25 to 38 during this past year. Each meat processing company entered from one to four new market areas and introduced 3 to 15 new modern style business practices.

#### **4<sup>th</sup> Quarter Activities and Results**

##### **Industry Level Assistance**

EDEM, in close collaboration with USAID's Participant Training Program, is organizing a study tour to Poland for a group of leading meat processing companies to take place

early in FY06. The study tour will enable leading meat processing companies to get first-hand experience and obtain practical information on the transformational steps of the meat processing industry in adoption and implementation of EU regulations in food quality and safety and marketing principles.

Following review of three proposals from Hungary, Czech Republic and Poland, the Poland Study Tour organized by Unilob was selected based on its focus on extensive practical learning. Detailed information on the study tour was provided to the meat processing industry in early September and five leading companies including KMY, Tona Co, Meat Master, Bardhi and Rozafa Kaci agreed to participate, which included significant cost sharing of the study tour costs.

During the study tour, the Albanian meat processing companies will pay visits to four Polish meat processing companies, two large hypermarkets, visit the largest wholesale meat and ingredient market and meet with Polish association and government officials.

### **Firm Level Assistance**

#### **Bardhi**

A business plan, developed with EDEM assistance, supported Bardhi Company's efforts to secure a new credit line of \$625,000. This new loan helped the company to pay off outstanding factory rebuilding contracts, refinance an expensive debt to a new loan at half the former interest rate, secure working capital to purchase bulk quantities of raw materials at reduced prices, and order new vacuum packaging machines.

#### **Albidea**

EDEM assisted Albidea, a domestic pig and chicken producing company, to promote its new brands of its fresh quality products, Porchidea (pork) and Cocodea (chicken). Assistance was provided in organizing a strong promotional campaign starting with the Miss Globe International event in September and continuing with TV programs scheduled to run through December. New company advertising materials are also under development. A promotional event at Albidea premises was organized to host Miss Globe participants, company clients and partners. Highlights of the promotion were a barbeque hosted Miss Globe participants and a special Miss Nature award presented to Miss Lithuania by Albidea's president. EDEM supported Albidea's efforts by helping to organize the barbeque and arranging widespread national and local media coverage.

Obtaining an internationally recognized ISO 9001 quality management certification is a primary goal for Albidea. EDEM reviewed the established quality registration system and procedures required to be in place ranging from animal feeding to final production. Based on the review, recommendations were provided to Albidea suggesting a quality manual be developed that would cover and integrate the whole registration process in all stages of product life. A quality management authority should be developed and EDEM is strongly recommending that Albidea hire and train a person to be put in charge of

quality control. If Albidea implements the recommendations, it will be positioned to obtain ISO 9001 certification in FY06.

#### Meat Master

EDEM is assisting development of a three years business strategy featuring activities that will increase sales in domestic and export markets. Meat Master's current priority is to establish its brand as representing safe, quality products. Meat Master is working intensively to build a quality management system according to ISO 9001 standards. EDEM is regularly observing and providing recommendations during this process. The company's marketing strategy incorporates activities undertaken to monitor the customer's satisfaction as part of continuing quality control.

#### Rozafa Kaci

Assisted by its Italian ingredients supplier and EDEM, this past summer Rozafa Kaci developed 5 new products to be made available mainly to fast foods, restaurants and hotels. EDEM assisted in organizing two promotional activities for launching these products to approximately 100 existing and potential clients in the Velipoja and Durres beach areas. New promotional materials, banners, t-shirts and hats featuring the Rozafa brand were produced, which along with the new product introduction, vastly improved the company's sales in these markets.

#### Tona Co

After successful launching its recently developed new canned meat and packaged meat products, Tona Co is now working at full processing capacity. Its immediate need is to build an additional processing facility and to restructure its business operation to three departments, respectively ham and salamis, canned meat and packaged meat. EDEM is assisting in developing a factory production layout to host all production lines and management activities and is providing advice on a new management and human resource structure that will allow Tona Co to more effectively manage its growth.

#### Pienvis

EDEM provided the Kucova-based Pienvis Company with supermarket contacts and information in Fier, Lushnje, Berat and Vlora. After a successful 2004 summer sales expansion in Durres, this summer the company organized a door-to-door promotional campaign and managed to gain additional sales throughout these regions. The annual sales increase of close to 20 % during the last two years is pushing the company to rebuild and expand its processing plant. EDEM will assist Pienvis to design the new processing facility and produce a new promotional package during the coming year.

## Firm Level Assistance Summary

Company	Town	Technical Assistance	Results
TONA CO	Korca	- developing a factory production layout (ongoing) - restructure the business operation (ongoing)	Expected increased in production/sales
MEAT MASTER	Shkodra	- developing a three year business development strategy - recommendation on ISO 9001	Sales growth
BARDHI	Tirana	- secure bank financing	New plant investments/new technology
ALBIDEA	Durres	- trade promotional activities - TV promotional programs - Quality management assistance	Improved branding/sales  New marketing practices/sales  New management practice/sales
ROZAFA KACI	Shkodra	- promotional activity	New sales New markets
PIENVIS	Kucova	- supermarket contacts and information - new factory design (ongoing)	Sales growth New markets Increased production capacity

## **HERBS & SPICES**

### **Year 2 Highlights**

During Year 2, Albanian herb and spice companies considerably upgraded their overall businesses capabilities; they also undertook and implemented a number of new initiatives. As a result, the Albanian herb and spice industry is repositioning itself towards more value adding (further processed and cleaned products), bio-certified products, commercial cultivation, enhanced market knowledge and better promotion of companies' capacities. Businesses have also increased their knowledge on regional and international trends and the development of the herb and spice industry world wide. The awareness generated is allowing them to better orient the focus of their business towards more realistic and market driven production and processing targets. The processors and

exporters also undertook significant initiatives to decrease production costs following such practices as the commercial cultivation of herb and spices. The firms that EDEM is actively assisting made approximately \$100,000 in new investments allowing them expand the range of value added products offered including:

- new formulations
- organic
- cultivated products and
- further processed / higher quality products

As a result of EDEM's assistance and the industry's activities, Albanian herb and spice companies are becoming more diversified and competitive due to the range of the products offered and quality improvements. Ongoing training and business initiatives undertaken have led to an enhanced knowledge of the harvesting, processing and cultivation network, which in turn contributes to the improvement of the overall industry.

During the past year, EDEM provide assistance to the industry businesses through a variety of activities including:

- Global market research

Three market research efforts - Organically certified herbal products, Quality certified herbal products, and Value added products - were conducted and the findings presented to the industry. Findings and recommendations of the market research provided businesses with the benefits of producing value added products thus encouraging industry members to produce higher value products which in turn will contribute to the overall industry growth and development. These market research efforts helped orient the businesses toward product diversification and increased quality.

- Organic certification

With assistance from EDEM, two companies, ATC and Xherdo, were inspected for compliance with organic certification principles by Skal International. EDEM conducted a series of technical trainings on organic collection and production principles that involved about 50 harvesters, collectors and processors who served ATC and Xherdo companies. EDEM facilitated communication between the inspection company and the Albanian companies and provided guidance both pre- and post-inspection in order to facilitate the company's compliance efforts. The companies are expected to obtain bio-certification in early FY06. EDEM also facilitated the efforts of Elbashehu to obtain its organic certification from Ceres.

- Technology upgrade

EDEM has actively promoted technological improvements among the Albanian herb and spice companies. As a result three companies, Gurra, Tealb, and Pepa, have purchased from regional and domestic suppliers new cleaning, packaging and support equipment as part of their quality improvement efforts. Two other companies, Filipi and Tealb, are presently negotiating with a German cleaning equipment producing company for the purchase of new production machinery.

- New product development

Twenty nine new products were developed by six companies as a result of the findings of EDEM's global market research and the recommendations of EDEM. They are as follows:

<b>Company</b>	<b>New Products Developed</b>
ATC / Durres	Four Bio-certified products One further processed – Rubbed Sage
XHERDO / Skrapar	Three Bio-certified products Five cultivated items
HODAJ & BOREL / Rrogozhine	Three new Lavender Sachets
TELAB / Tirana	Two new tea formulation (Black and Menthae)
PEPA / Durres	Two packaged spices (Oregano and Rosemary)
ALBOEM / Tirana	Three ground products (Sage, Laurel, Rosemary)
Elbashehu / Elbasan	Six Bio-certified products

- Training

Seventy people received at-site educational training and guidelines on Organic Principles, technology upgrades, quality improvement, new product development and international trade relations.

- Cultivation activities

EDEM assisted two companies, Xherdo and Grabimex, in cultivating six major herb and spice plants (Lavender, Sage, Oregano, Lemon Balm, Thyme and Rosemary) in two different locations (Poliçan and Gramsh). Both companies received ongoing technical assistance in cultivation practices, systematic agricultural services, harvesting time and techniques, and post-harvest handling. In the coming year, both companies intend to expand the amount of land under cultivation, add additional locations and increase the number of species planted.

- Green Week study tour

Nine Albanian herb and spice companies (ATC, Xherdo, Gurra, Tealb, Selekt, Elbashehu, Pepa, Erba, Filipi) participated in the Green Week Germany Study Tour organized by USAID's Participant Training Program. The design of the tour was to introduce the companies to the latest technological and product innovations, knowledge on EU standards and legislation regarding product processing, packaging and labeling requirements. The participants also visited equipment producing companies. As a result of the visit two Albanian herb and spice companies, Filipi and Tealb, are negotiating the purchase of cutting and cleaning machinery. The companies were also exposed to the opportunities small market segments can offer, which has resulted in Xherdo starting to directly export essential oils to Hungary in small-size containers.

- Regional B2B

Eight Albanian herb and spice businesses (14 business representatives) participated in a regional herbs and spice B2B meeting in Macedonia. EDEM directly assisted the businesses in developing promotional materials, with their stand preparation and product samples, and by supporting their communication with their counterparts from participating countries. The event was a good market learning experience as it provided detailed insights into the structure, trends and developments of the industry in neighboring countries, giving the Albanian businesses an opportunity to understand what they need to do to increase their competitiveness capacity.

- Promotion of business capacities

Ten Albanian herb and spice companies (ATC, Xherdo, Tealb, Pepa, Hodaj and Borel, Elbashehu, Gurra, Selekt, Erba, Herba Fructus Naturor) were directly assisted by EDEM through the development of promotional materials (business cards, brochures, posters) as important marketing tools for company's image, reputation and capabilities. Promotional materials facilitated direct communication between the Albanian herb and spice businesses and interested foreign buyers who they met at regional trade fairs and on the study tour. EDEM assisted the participation of four Albanian companies at the "Balkan Herbal Initiative" as a means to facilitate export sales with international buyers.

- Coordination with government, donor and development projects

EDEM has been in continuous contact with governmental structures and interested institutions such as the Ministry of Food and Agriculture, Directorate General of Forests and Pastures, Research Institute of Forests and Pastures, Botanical Garden of Albania, Organic Association of Albania and other donor/development agencies to provide information that connects the private businesses with the programs of these organizations.

#### 4<sup>th</sup> Quarter Activities and Results

During the past Quarter, EDEM concentrated its efforts primarily on assisting industry players increase their processing know-how and capacity through on-site guidance on quality issues, technology upgrade and direct communication with equipment producing companies. EDEM also facilitated and followed up on the organic certification process two industry businesses were completing. In addition, EDEM continued to provide technical assistance on all agricultural services to be performed on commercial cultivation activities undertaken by the companies. EDEM also assisted interested businesses on new product development (new formulations, proper labeling and packaging, and new market entry). Efforts on new trade links were made to foster direct sales. As a result, the Albanian herb and spice industry is undergoing considerable changes reflected in:

- new formulations/products developed
- organic products
- cultivated products and
- technology upgrades.

EDEM continued to assist the industry to not only becoming more diversified with a wider range of products, but also more competitive with further processed and higher quality products, and a higher educated network of harvesters, processors and exporters. In addition, the industry is now providing income generation opportunities by engaging local communities in cultivation activities.

### **Industry Development Assistance**

- *Organic Certification*

Two companies, ATC and Xherdo, were assisted by EDEM throughout the organic inspection and certification process. EDEM facilitated the communication between the applying companies and the certifying body, Skal Intentional. In addition, EDEM carried out a series of technical training seminars prior to the inspections in different locations to an audience of 50 harvesters, collectors and processors involved directly with the two companies. EDEM also provided on-site assistance during the inspection and followed up on full compliance with Skal regulations for all non-conformities identified during the inspection service. As a result of EDEM's support, these companies are expected to obtain the bio-certificate in early October. EDEM also facilitated the organic certification of Elbashehu.

EDEM continues to screen the interest of any herb and spice businesses interested to go organic in the near future. Supporting the efforts, EDEM is continuing to research markets to identify organic market segments for the bio-certified companies.

- *Commercial cultivation*

Two herb and spice businesses, Xherdo and Grabimex, continued to receive technical assistance on harvesting time, techniques and frequency, proper post-harvesting handling, on-site and warehousing techniques for the six items they are cultivating (Sage, Melissa, Oregano, Lavender, Thyme and Rosemary). In addition, guidance on expanding their cultivation efforts (items of interest include amount of land, land preparation and schemes) was provided to the companies. EDEM has been approached by other herb and spice companies regarding cultivation activities in other regions of Albania.

- *Technology upgrade*

Three herb and spice businesses, Gurra, Tealb and Pepa, were assisted in identifying regional and domestic suppliers of packaging and cleaning machinery they could purchase to support their quality improvement processes. The three companies invested about 40.000 Euro using the companies' own returns. Two more companies, Filipi and Tealb, are negotiating with a German producer on cleaning machinery.

- *New products development*

Twenty four new products were developed by six companies designated for both export markets (organic, cultivated, aromatic sachets) and domestic markets (packaged teas and spices).

Hodaj and Borel developed, with EDEM's assistance, three new aromatic sachets (new design, fabric, ties and hang tags). The new products were displayed at the New York



Gift Show in mid-summer. Pepa Company introduced packaged Rosemary products into the domestic market, while Tealb developed two new tea formulations, Mentha and Black tea, which are very well received in the domestic market.

- New market connections

Six companies were assisted - ATC, Gurra, Xherdo, Hodaj and Borel, Pepa and Elbashehu - with regard to identifying new trade links. Samples of aromatic sachets from Hodaj and Borel were displayed at one of the largest the exhibition in the US, the New York Gift Show. Representatives from eight us retailers showed interest and EDEM is following up for potential sales opportunities. Samples of Savory (Pepa) and Red clover (Elbashehu) were sent for analysis to prospective US buyers. Results are pending upon approval of representative samples.

EDEM continues to educate sellers in Albania about the importance of responding immediately and correctly to specific international inquires.

- On going meetings with companies

EDEM regularly meets both on-site and in the office with industry firms - ATC/Durres, Xherdo/Skrapar, Tealb/Tirana, Gurra/Tepelena, Hodaj and Borel/Rrogozhina, Pepa/Durres, Elbashehu/Elbasan, Agroherbal/Mamurras, Rozafa/Shkodra, Alboem/Tirana, Gavex/Tirana, Selekt/Saranda, Cico/Shkodra, and Grabimex/Gramsh – providing them with information on issues related to organic certification, quality improvement, cultivation, and new product development. EDEM continued to answer businesses needs regarding training and informative materials like ASTA Manual and machinery and product catalogues. EDEM, over a series of field visits, worked with individual companies to identify their major needs and develop a plan of assistance to be delivered in FY06. EDEM also provided assistance with regard to market information (market prices and trends).

- Agricultural trade fair and workshop

EDEM facilitated industry participation in the 4<sup>th</sup> Agricultural Trade Fair and the Workshop on the “Sustainable Use and Production of Medicinal and Aromatic Plants”; both events took place in Montenegro. Five companies - ATC, Xherdo, Pepa, Rozafa and Çupi – with 9 representatives participated. These activities helped the firms enhance their knowledge on equipment manufacturing companies, get exposure to the most recent trends and developments in the region and create new trade links. The workshop, in particular, increased the awareness of the Albanian businesses on the sustainable use and production of organic herb and spice plants.

- Industry Information deliverance

EDEM coordinated and provided information (database of herb and spice companies, global market research) to Albanian institutions interested in the herb and spice industry such as the Directorate General of Forests and Pastures, Botanical Garden of Albania, Research Institute of Forests and Pastures, Albanian Foreign Investment Promotion Agency, and the Albanian Center for International Trade in order to enhance bilateral knowledge and best serve industry needs.

EDEM also had discussions with the Albanian Association of Organic Farming regarding cultivation expansion in remote areas with a direct benefit to local communities.

EDEM met with the Rural Agricultural Support Program providing them a complete industry profile and assisting the Program design its scope of assistance for the coming years.

EDEM drafted a one page introductory paper on the Albanian herb and spice industry that was presented at the New York Gift Show to introduce and attract herbal and organic companies that have expressed interest to source products from Albania.

### **Firm Level Assistance**

- *ATC*

EDEM assisted ATC in Bio-certification field and facility inspection service. EDEM trained 25 harvesters and processors of the ATC network on organic principles. EDEM provided guidelines on cultivation issues (location, items of interest and appropriate schemes). Three ATC representatives participated in the 4th Agricultural Trade Fair and workshop on the “Sustainable Use and Production of Organic MAPs”, both events taking place in Montenegro. EDEM is assisting the company in developing new market links for sales of its organic products and Rubbed sage.

- *XHERDO*

EDEM assisted Xherdo in Bio-certification field and facility inspection service and prior to inspection, provided on-site training in organic principles to 25 individuals of the company’s harvesting and processing network.

Cultivation expansion guidelines (new layout, spacing, and suggested agricultural services) were provided to the company. EDEM assisted Xherdo prepare a successful grant proposal, worth \$15,000, that will support the company’s cultivation efforts. A Xherdo representative participated in the 4th Agricultural Trade Fair and workshop on the “Sustainable Use and Production of Organic MAPs”.

- *Hodaj and Borel*

EDEM assisted the company develop three new lavender sachets (new designs, fabric and ties). With the assistance of EDEM, these new products were displayed at the New York Gift Show which generated favorable comments on the products. EDEM has held extensive discussion on the company’s cultivation activities.

- *Gurra*

EDEM held extensive discussions with the company on quality assurance and provided information on cleaning equipment, which resulted in Gurra’s purchased of a new 35,000 euro processing line.

EDEM continued to assist Gurra with its exports of bulk Sage to US and Europe. EDEM advised the company on the benefits of bio-certification; the company is considering going organic in the coming year.

- *Tealb*

EDEM assisted the company in new product development, which resulted in the introduction of two new products, packaged Black and Menthae tea. EDEM advised the company on product quality improvement that requires involvement of auxiliary equipment.

EDEM also assisted the company, working in cooperation with Albaflor, in preparing a grant proposal to UNDP. The grant, worth \$21,000 has been approved in principal.

- *Elbashehu*

EDEM continued to follow up on export opportunities of Red Clover to a prospective US buyer.

- *Agroherbal*

EDEM had intensive discussions with the company on quality improvement and bio-certification of the company's dried herb and spices. EDEM also supported the company's efforts to produce promotional materials (company brochure) in order to promote the company's image in international markets.

- *Rozafa Kaci*

EDEM assisted the company by providing export prices of various items; as a result, the company will export 15 tons of Black Juniper to Italy beginning in October. EDEM is assisting the company identify equipment supply sources to support processing of the export products.

#### **Firm Level Assistance Summary**

<b>Company</b>	<b>Town</b>	<b>Technical Assistance</b>	<b>Results</b>
Albanian Trading Company	Durres	<ul style="list-style-type: none"> <li>- Bio-certification inspection and certification procedures</li> <li>- training on organic principles</li> <li>- participation to trade fair/workshop - Montenegro</li> <li>- export of Rubbed Sage to USA</li> </ul>	<ul style="list-style-type: none"> <li>- 4our Bio-certified herb and spice products</li> <li>- 25 harvesters and processors trained</li> <li>- three company representatives participated</li> </ul>

Xherdo	Polican	<ul style="list-style-type: none"> <li>- Bio-certification inspection and certification procedures</li> <li>- training on organic principles</li> <li>- cultivation of five herb and spices</li> <li>- new products developed</li> <li>- grant proposal developed</li> <li>- new market connections</li> <li>- participation to trade fair/workshop - Montenegro</li> </ul>	<ul style="list-style-type: none"> <li>- three Bio-certified essential oils</li> <li>- 25 harvesters and processors trained</li> <li>- cultivated products harvested for first time</li> <li>- cultivation-based essential oils, first time</li> <li>- grant issued worth of \$15.000</li> <li>- potential export of essential oils to UK</li> </ul>
Gurra	Tepelena	<ul style="list-style-type: none"> <li>- technology upgrade</li> <li>- quality improvement</li> <li>- new trade links</li> <li>- Bio-certification as value adding</li> </ul>	<ul style="list-style-type: none"> <li>- equipment purchase - 35.000 euro</li> <li>- increased cleanliness of final products</li> </ul>
Hodaj&Borel	Rrgogozhina	<ul style="list-style-type: none"> <li>- new product development</li> <li>- Lavender Sachets presented at New York Gift Show</li> <li>- cultivation activities</li> </ul>	<ul style="list-style-type: none"> <li>- three new sachets (designs, fabric and ties)</li> <li>- consideration of cultivation nearby</li> </ul>
Tealb	Tirana	<ul style="list-style-type: none"> <li>- technology upgrade</li> <li>- new products development</li> <li>- grant proposal concept development</li> </ul>	<ul style="list-style-type: none"> <li>- purchase of equipment; higher quality products</li> <li>- two new formulations introduced, Menthae and Black tea, domestic sales satisfactory</li> <li>- grant presented to UNDP, approved in principal; worth of \$21.000</li> </ul>
Pepa	Durres	<ul style="list-style-type: none"> <li>- new products development</li> <li>- participation to trade fair/workshop - Montenegro</li> <li>- quality improvement</li> </ul>	<ul style="list-style-type: none"> <li>- packaged Rosemary</li> <li>- 2 company representatives participated</li> <li>- increased cleanliness of final packaged and bulk products</li> </ul>
Elbashehu	Elbasan	<ul style="list-style-type: none"> <li>- Red clover samples sent to US</li> </ul>	<ul style="list-style-type: none"> <li>- results pending</li> </ul>
Rozafa-Kaci	Shkodra	<ul style="list-style-type: none"> <li>- deliverance of price information</li> <li>- participation to trade fair/workshop - Montenegro</li> </ul>	<ul style="list-style-type: none"> <li>- export of 15 tons of Black Juniper to Italy to start in October</li> <li>- 2 company representatives participated</li> </ul>

Alboem	Tirana	- Bio-certification - export transportation procedures	- Bio-certification to start end of year - export to Croatia worth 16.000 euro
Grabimex	Gramsh	- cultivation and new expansion schemes	- harvesting of four cultivated herb and spice products
Agroherbal	Mamurras	- quality improvement - discussions on Bio-certification as value adding - company promotion	- higher quality products - consideration of Bio-certification application - consideration of production of company brochure

### Out of country Technical Assistance

FFF Associates, an EDEM subcontractor working off site, offered assistance in market linkage and information for the Albanian herbs and spices processors and exporters. FFF technical assistance is covered by a scope of work developed in the previous Quarter. During this Quarter, FFF Associates provided the following services to EDEM and the Albanian herbs and spice industry:

- International buyers and brokers/agents in the US, Turkey, Japan, and England were approached to introduce Albanian herb and spice exporters' capacities and screen their interest for potential follow-up inquiries.
- Inquiries were received (Red Clover/Elbashehu, Savory/Pepa, Sage/Gurra) and samples were sent to interested buyers for approval. Red Clover sample was satisfactory. A potential shipment to the US-based Whole Herb Company is pending the decision of the sales manager on the quantity to be sold. Savory missed the opportunity as the sample arrived late.
- New crop Sage results are pending.
- New crop sales of essential oils were identified for follow up. A lengthy meeting in Washington D.C. has been followed up with continuous discussion with BioSys; the latter was invited to visit Albania to discuss the possibility of pursuing joint venture opportunities.
- Lavender sachets from Hodaj and Borel were displayed at the New York Gift Show; they received favorable comments and several buyers were identified for further follow up (particularly two retailers in New York).
- Meeting with Frontier Natural Products' Commodity Manager to discuss their need for organic herbs. Pursuing the company to create supply relationships with relevant Albanian exporters.
- Followed up, via telephone, with a number of brokers/dealers of regular quality Sage on the prices and quality of Albanian Sage, according to which quality is satisfactory, with still room in the market for a higher quality/cleanliness product.
- Through contacts in Turkey, an interest in one to two containers of Sage was identified. Arrangements for samples to be sent directly to the potential buyer were made

- Worked closely with contacts in Turkey on two potential additional outlets for Albanian herbs and spices. The first was the specific inquiry for Albanian sage to be reprocessed in Turkey for a specific buyer in Western Europe. Unfortunately, the European buyer ultimately decided to stick with Turkish sage and not switch varieties and sources of supply.
- Opportunities for business development with a larger buyer in Japan, Kobayashi, are explored; over time progress is possible.
- Possibilities on organizing an in-ward trade mission were explored; a number of interested traders and users were contacted to determine level of interest in joining such a mission.
- A list of international trade shows related to herbs and spices was compiled and provided to EDEM to then identify the most appropriate one for the industry members to participate.
- EDEM was asked to provide regular monthly reports on the new crop supply situation
- Liaison with EDEM on the development of the Year 3 Work Plan
- Products' adulteration, presented by EDEM, was consulted with the leading independent testing laboratory for spices to see if there was some way in which the degree of adulteration in some shipments of new crop sage could be identified, controlled or eliminated. The initial reports indicated that this might be a difficult task as it would require random sampling and testing of shipments either at the point of shipping or on receipt in the US.

## **LEATHER GOODS AND FOOTWEAR**

### **Year 2 Highlights**

Although the Albanian footwear/leather sector is not a significant player in the worldwide industry, it is a most important industry for Albania, ranking in the top 5 in both employment and export earnings. Italy plays a major role in the industry as owners, partners, and customers. Increased costs and competition in the Italian footwear market has benefited Albania. During the last year more production volume, as well as production of more items requiring higher technology in machinery and worker skill has been moved to Albania.

EDEM has been working (with ACIT) during the last year in addressing needs of firms in this sector. During this period, firms receiving the project's assistance have shown significant growth in exports, domestic sales and employment compared with the year before. For these firms exports grew 19% over the previous year, with women owned enterprises registering higher growth rates. Domestic sales grew by 17% compared with the year before. Employment grew by 7%, with women owned enterprises registering higher growth.

## **4<sup>th</sup> Quarter Activities and Results**

### **Industry Development Summary**

While many companies in Albania produce leather dress and casual shoes and boots for men, women, and children the evolving focus of a large majority of the Italian customers is the production of footwear and uppers aimed at the work and safety business. These include high technology footwear and footwear uppers containing features such as waterproof membrane linings, burn resistant threads, attractive fabric/leather combinations, and specialized drop and crush resistant toe and ankle protection. Albania is a natural partner and supplier for these companies, several of which are located directly across the Adriatic Sea from Durrës. Even with the previous relations, Albanian companies and their capabilities are not well known in Italy. The project has taken steps to address this and link the Albanian production companies to their most likely customers in Italy and other neighboring countries

### **Industry Development Assistance**

EDEM has continued to work with ACIT in increasing its knowledge of the sector and help improve its effectiveness in dealing with industry related opportunities/problems. In directly addressing the industry's needs EDEM has carried out following tasks:

- Identified potential marketing opportunities for Albanian firms in export markets through sustained marketing/trade promotion efforts;
- Identified company specific and industry business problems and addressing those via the most appropriate means;
- Increased the awareness of the international footwear community of opportunities in Albania and the capabilities of specific Albanian companies;
- Increased the awareness of opportunities in domestic and regional market for Albanian footwear producers; and
- Developed a strategy to assist companies in identified business improvement efforts. Strategy developed for local/regional sales opportunities and project assisted via local market survey, market research trip to Macedonia, manufacturer/retailer roundtable, and local trade fair.

EDEM's external marketing/trade promotion efforts included identification and contact with buyers in nearest countries (Greece, Italy as well as the inclusion of Albanian companies in worldwide industry databases, resulting in numerous inquiries and opportunities. Identifying markets in which Albanian companies have competitive advantages (Middle East) and making initial contacts. Development of industry/company specific press articles, favorable to Albania, and inclusion within worldwide trade press to increase outside knowledge and image of Albania as footwear exporting country.

EDEM has facilitated assistance in company specific sample/customer response efforts to increase the rapidness and professionalism of the effort. EDEM assisted several firms in promptly responding to international customer's request for producing product samples

and quoting price. Although the prospective buyer, a large Spanish footwear producer, hasn't yet selected any supplier this effort has opened the door for further dialog regarding the firm moving part of their operation from Rumania to Albania. Through this effort EDEM was also able to provide hands-on training to the firms in responding to international bid requests.

### **Firm Level Assistance**

EDEM's firm level assistance work includes: developing international market channels for Albanian producers; facilitating linkages between specific Albanian companies and foreign buyers; and assisting business owners implement management improvements. In this effort EDEM has carried out following tasks:

- Identified and assisted a high-quality footwear producer from Greece to enter into a joint venture with an Albanian footwear producer in Korça. This partnership has the potential to benefit both firms, creating about 50 new jobs for women in Albania while increasing exports of footwear produced in Albania to markets in Greece and beyond.
- Trained firms in improving effectiveness of their marketing efforts through use of electronic product data sheets, web-based catalogs and e-mail campaigns.

<b>Company</b>	<b>Town</b>	<b>Technical Assistance</b>	<b>Results</b>
Angelo Shoes	Korça	Assist business owners develop and implement marketing plan for increasing exports.	New business agreement with a Greek footwear producer signed. The Greek firm is establishing factory in Korça with potentially 50 new jobs for women to be created. Will lead to increased exports from Albania
MAS-TORR	Korça	Train business owners in promptly responding to new business inquiry with proper samples and competitive prices.	Knowledge gained in responding to potential Spanish export market buyer's price and sample request.

## **TOURISM**

EDEM's support to development of Albania's tourism industry focuses on three major functional areas:

- Marketing and Promotion - increase sales, marketing and promotion efforts with a resulting increase in employment opportunities;
- Education and Training - provide training in support of these efforts and towards longer term business expansion; and
- Government and Policy - facilitate a dialogue between the private sector tourism industry and the national and local levels of government.



## **Year 2 Highlights**

### **Marketing and Promotion**

Brochure stand - EDEM installed a tourist information brochure stand at Rinas airport in May 2005 and has been distributing an average of 340 pieces of information material per week from the Ministry of Tourism and 80 businesses, municipalities and other tourism-related organizations.

Marketing for hotels and travel agencies - EDEM has made it possible for small and medium-sized hotels to accept and immediately confirm internet room reservations. Through the Web Reservations International (WRI) system, EDEM has registered 17 hotels on the system.

- a. The WRI booking engine is available on 3,000 websites, including Lonely Planet and Rough Guides, thus giving Albanian hotels free promotion via these sites and adding more “fingers” into the international tourism market.
- b. EDEM arranged for Magic Tours to register as the first Albanian affiliate of Web Reservations International.

In collaboration with BKT Bank, EDEM arranged for 55 hotels and travel agencies to exhibit at Albania travel promotional events in Skopje and Pristina.

Improved Tourism Information - With the Inter Municipal Tourism Committee (ITMC), EDEM has circulated forms to 10 key tourism communities to “map” all tourism assets in the country. The information from these efforts will be made available to websites and publishers for promoting the attractions and facilities of Albanian tourism.

The Turizmi Shqiptar yahoo user group grew by over 500% in a year from 50 users to over 200.

Greetings from Albania - The Greetings from Albania postcard campaign was launched at the beginning of FY05 and attracted over 350 postcards from Over 300 youths from throughout Albania. The campaign was re-launched for a second annual round in June, 2005 and was attracting cards from throughout the country at the time of writing. The Greetings campaign received international press coverage through the USAID publication Frontlines, Seeurope.net, and e- turboNews; the latter is circulated to over 200,000 travel professionals in 232 countries.

Media - Two media tours were organized involving 10 journalists from five countries, which resulted in at least eight articles published in the travel section of the Reading Eagle, Die Zeit (Germany), e turbo news, South East European Times, Bell’Europa (Italy), Naturschutzblaetter (Berlin), and Tourism World (Belgrade). The articles reached an audience of at least 500,000 readers and listeners in key generating markets of Italy,

Germany and the United Kingdom among others. Die Welt and e turbo each have circulations of over 200,000.

One media tour was organized at the end of FY 04 which resulted in 4 articles published in Guida Viaggi in Italy, Travel Quotidiano in Italy, Start Magazine in Sarajevo, and South East Europe Times – which later was published in E-turbo news.

EDEM's tourism activities were covered by all major print and broadcast media in Albania -6 TV Stations including Top Channel, TV Koha, Today 7 ( local Pogradec station), Amantia( local Vlora station), Ignatia( local Elbasan station), and TV Kombi(local Fier station) and in 5 newspapers and magazines including Biznesi, Tirana Times, Tirana Observer, Shekulli, and Monitor.

### **Education and Training**

EDEM conducted eight workshops for over 35 tourism businesses and organizations in the areas of product development, customer service, technology, association development, and hotel marketing online.

A Product Development workshop contributed to the development of itineraries in the Berat region, which are now being offered to visitors.

Hotel marketing training resulted in 17 hotels becoming available and bookable online for immediate confirmed bookings for the first time. By in mid-September four hotels had received 10 bookings.

In Shkodra, eight university tourism students were introduced to internet travel sites, bookings and how to sign up hotels for the WRI system.

EDEM worked with Albanian Tour Operators Union (ATOU) and the Albanian Hotels Association (AHA) to help them find ways to improve as associations. These include working with them on the following needs: advocacy with the Government, tour guide training, front office service, business management, and cooperation for marketing.

EDEM conducted a Roundtable with the three main travel associations and they agreed to sign a Memorandum of Understanding to cooperate and work together on advocacy, marketing and promotion and joint training sessions.

EDEM helped launched a new Tourism Association for Voskopoja to better manage tourism growth in the region.

In association with USAID's Participant Training Program, EDEM introduced 12 Albanian travel professionals to ITB in Berlin, the world's largest travel trade fair. Several of the professionals made new business contacts and learned about other ways to present their products and services.

## **Government and Policy**

EDEM provided comprehensive information to the Ministry of Tourism for the improvement of the country's participation in travel trade fairs, best practices on structures and strategies of national tourism organizations in other countries, and ways to work with the World Tourism Organization for the benefit of Albanian tourism.

EDEM provided extensive advice to the members of ATOU and AHA for the improvement of communicating with Government. Following the Round Table meeting with associations on August 31<sup>st</sup>, EDEM agreed to assist the associations with development of position papers on key issues. These issues would be prioritized based on a questionnaire that EDEM was distributing via the associations and directly to the industry throughout Albania.

Through the IMTC, EDEM began a national initiative to collect extensive local level information for a detailed database about what is available in Albanian tourism. The database includes attractions, lodging, restaurants, transportation, and stakeholders.

EDEM participated in four IMTC meetings and assisted with providing information and guidance to the Peace Corps volunteers and their municipal counterparts.

## **4<sup>th</sup> Quarter Activities and Results**

### **Marketing and Promotion**

*Brochure stand* - EDEM is maintaining the airport tourist information brochure stand by collecting brochures from municipalities and businesses from throughout Albania and stocking the stand. A transfer of management of the stand to the new Ministry of Culture and Tourism has been discussed with Genc Metohu from the Ministry, but as of early September, it was still premature to consider this. The Ministry was still in transition.

An easier transition might be arranged with the associations and/or the Tirana Airport Partners. This topic was discussed in detail in a roundtable meeting with the three main tourism associations of ATOU, Albanian Association of Travel Agents and the AH. None of these organizations, though, is equipped to manage the brochure stand.

*Marketing for hotels* - Following the third quarter introduction of the WRI system to the IMTC, individual Peace Corp volunteers and hotels, by the beginning of the fourth quarter, there were 10 hotels online and accessible for reservations through the WRI system. Workshops were organized to add hotels to the system. During a September 5<sup>th</sup> workshop, for example, five more hotels were registered for the system.

EDEM met with IDRA and the owner of Albania-hotel.com and a travel portal website called Albania Holidays and encouraged both to continue enabling the Albanian travel industry to expand their internet market presence.

EDEM arranged for Magic Tours to register as an affiliate of WRI. The firm will join over 3,000 other WRI affiliates around the world and become the first affiliate in Albania.

*Improved Tourism Information* – The tourism asset mapping process begun with the IMTC and was further spread in this past quarter to most of the main municipalities with an interest in tourism. EDEM conducted a series of local meetings to expand the process. The process is resulting in the creation of a comprehensive and standardized database of local and regional accommodations, restaurants, attractions, events and transportation options. It is envisioned that this database could then be used by travel information portals, guidebooks and other sources of information for Albania.

The Turizmi Shqiptar yahoo user group continued to add members and grow as an educational and networking resource for the Albanian tourism industry. In this quarter, the group increased membership to 184 stakeholders including the 40 plus members of ATOU.

EDEM began working with Orjeta Glozhani, tourism coordinator for the Prefecture of Korca towards the development of a tourism website for Korca.

*Greetings from Albania re-launch* - The Greetings from Albania postcard campaign was re-launched for a second annual round. A meeting was arranged with UNICEF Albania to discuss cooperation with the campaign. Other uses may include posters, greeting cards, calendars, licensing of images to travel suppliers, etc. Increased use of the website for exhibiting the images is being pursued. During this quarter, the campaign received international press coverage through the USAID publication Frontlines, Seeurope.net, and e- turboNews. As of early September, over 50 images had been received.

*Media* - A media tour was organized from July 15<sup>th</sup>-17<sup>th</sup> as an extension to a similar trip that was organized with the Macedonia Competitiveness Activity. Five journalists participated:

1. Marco Moretti – Freelance - Italy
2. Christopher Portway- Travel Correspondent - UK
3. Tony Kelly - Freelance - UK
4. Sophie Barta – Photographer - UK
5. Liljana Rebronja –Editor, Tourist world - Serbia

The itinerary included Elbasan, Berat, Korca, Voskopoja, Pogradec and Lin. By early September, Moretti, Barta and Rebronja had completed and published articles. Articles were expected from the other journalists before the end of 2005.

EDEM's tourism consultant arranged for Top Channel Economics reporter Matilda Duri to meet with counterparts at the National Geographic Channel. The EDEM consultant was interviewed by Koha Television, Biznesi Newspaper, Today 7 (local Pogradec station).

Additional coverage of EDEM tourism activities appeared in Monitor, Biznesi, Today 7 television, Amantia (television in Vlora), Ignatia (Elbasan), and TV Kombi (Fier), Tirana Times, Shekulli and Tirana Observer.

### **Education and Training**

Individual meetings were conducted with the ATOU and the AHA for the purpose of completing a needs assessment and to counsel the groups on how to improve member services. EDEM helped ATOU focus on the following needs: advocacy with the government, tour guide training, front office service, business management, and cooperation for marketing. EDEM helped AHA focus on the following needs: advocacy with the government, front desk service, business management, and cooperation for marketing, especially online marketing.

EDEM conducted a roundtable for the 3 major travel related associations that accomplished the following:

- all agreed to an MOU for cooperation on mutual interests;
- promotion of Albanian Tourism - web pages for associations, portal, brochure stands;
- cooperation on international tourism fairs;
- cooperation on joint training activities and study tours; and
- cooperation with distribution of a questionnaire for prioritizing issues of mutual concern.

In a roundtable meeting with stakeholders in Voskopoja, EDEM worked with participants on identifying key issues and establishing a new tourism association to guide local tourism development.

Advised the president of the Association of Agrotourism for Korca (Region) on improvement of the association, especially services and training for members and cooperation among stakeholders in the region.

EDEM conducted a roundtable meeting in Shkodra with stakeholders for the purpose of generating stronger public-private sector cooperation towards more effective tourism development and marketing. With a steady flow of day visitors this past summer from Montenegro resorts in Budva, Shkodra has a considerable amount of untapped tourism potential.

The Shkodra internship program was re-energized with eight university tourism students. A workshop was organized at an internet café in Shkodra to introduce the students to the online booking system for hotels so that they can then assist area hotels with marketing themselves online.

Based on an agreement with Tirana University's Tourism and Marketing Faculty, EDEM helped organize an internship program for up to 15 students to work part time with local

travel businesses for one month, free of charge. Two students were hired on a part time basis during the summer and one full time.

Hotel marketing training resulted in 17 hotels becoming available and bookable online for immediate confirmed bookings for the first time. By in mid-September, four hotels had received 10 bookings.

### **Government and Policy**

EDEM met with Ministry of Tourism's National Tourism Organization to discuss the future of the Ministry in the new Government. In early September, a new Minister of Culture and Tourism had just been appointed. EDEM continued to offer assistance in areas of:

- a workshop on best practices in travel trade fairs;
- assistance with best practices on structures and strategies of national tourism organizations in other countries; and
- ways to work with the World Tourism Organization for the benefit of Albanian tourism.

EDEM met with the heads of ATOU and AHA to discuss:

- maximize their effectiveness in lobbying the government on issues by collaborating;
- improved relations between the private sector and government;
- preparation and distribution of a questionnaire to identify and prioritize critical issues and help determine future association lobbying; and

Through the IMTC, EDEM is distributing a set of 11 forms for creating a detailed database about what is available in Albanian tourism. The forms include attractions, lodging, restaurants, transportation, and stakeholders. To the extent possible, municipal governments are being asked to take the lead in completing the forms.

EDEM's tourism consultant assisted the visit of the State Department-sponsored Albanian delegation of mayors with arranging meetings at National Geographic and the World Bank. He also delivered the keynote address to the group upon their arrival in Washington, DC.

Following a Round Table meeting with the three major travel associations on August 31<sup>st</sup>, EDEM agreed to assist the associations with development of position papers on key issues. These issues would be prioritized based on a questionnaire that EDEM was distributing via the associations and directly to the industry throughout Albania.

## **INDUSTRY DEMONSTRATION COMPANIES**

While EDEM is continuing efforts to provide development support to industries initially identified as 'clusters' and to individual companies in those industries, appropriate firms from other industry sectors are being identified and provided with hand's-on firm level assistance as well. EDEM's strategy in the selection of a company outside the cluster industries is that the assistance to the company will impact not only that firm itself, but also be applicable to other firms in the same or related industries. By providing assistance to individual industry-leading firms, these firms will be able to demonstrate growth possibilities to additional firms in the industry. As different companies mature, the industry will have the possibility to work more closely with support and service organizations. Over time, this network of core industry firms, led by the EDEM-assisted firm, along with its support network may evolve into a functioning cluster arrangement.

Companies to which EDEM has been providing assistance include:

### **1. Poseidon, Lezha**

The long term vision and objective of EDEM's assistance to this company is that it can form the basis for the re-development of Albania's hard pressed fish processing industry. The main focus has been to assist the company to expand its operation to include processing and canning of sardines and to secure the raw material (salted anchovies) for the current canned anchovies' production from Albanian waters and Albanian fishermen. Currently, the firm imports all its salted anchovies from Greece, Italy and Croatia. EDEM's activities have focused on obtaining offers for new and used production equipment in the form of a complete canning line and refrigeration equipment. In addition negotiations have started with owners of fishing vessels capable of locally securing raw material. After having obtained offers from several suppliers for refrigeration equipment, a complete canning line and other supplemental equipment, plus having started negotiations with the fishing vessel owners, the Poseidon management concluded that the company was not ready at this time to make the financial investment and management commitment required to bring the projected sardine canning line to fruition. EDEM has therefore suspended its assistance in terms of the planned sardine production plant until such time when the Poseidon management informs us that they will be willing to make the necessary financial investment and management commitments.

In October EDEM assisted Poseidon by making contacts with several wholesalers and distributors in Macedonia with an interest to market Poseidon's existing products in Macedonia. At least one potential distributor is expected to express an interest by mid December.

Until recently all of Poseidon's products were exported to Italy. In the past quarter EDEM has also assisted Poseidon in introducing its product lines to retail stores and restaurants in Albania. The products are now being sold in several stores and supermarkets, including the new Euromax supermarket.

## **2. Quality Lines, Quality Marine Management, Durres**

During the year EDEM provided assistance to this operator of the fast ferries between Durres and Bari, Italy both in terms of its change of strategy and a change of bank relations. An initial contact was made to a potential partner to develop an Albanian inter-coastal service, providing much needed support to the tourism industry. However following a difficult winter season with many cancellations due to difficult weather conditions, the operator started looking for a larger vessel with car carrying capacity and also better characteristics to handle adverse weather conditions. The operator was unable to reach a deal with the owners of the new vessel and obtain financing to employ a larger car carrying ferry. The decision was made to close the operation. It is still uncertain if the service will be reopened.

## **3. SAM, Tirana**

EDEM successfully assisted the company in securing financing to procure new equipment, which was instrumental in fulfilling a new contract with a French clothing chain. The company received financing of EUR 22,000, which allowed it to purchase new textile printer equipment. As a result, the company was able to conclude the contract with the French clothing company and increase its annual sales by an expected EUR 190,000, a 50% increase over its current sales level.

## **4. Amarilto, Lezha**

EDEM assisted this fruit/vegetable processing firm in introducing food safety measures, establishing a testing facility at the plant and improving its packaging with better labels and distribution.

During the last year Amarilto continued the production of pickled vegetables, fruit jams and compotes. EDEM facilitated the review of process technology and layout of the plant by a food technology expert from the Directorate of Agriculture and Food of Tirana. As a result of the visit a short write up with recommendations and changes to be made in the factory was prepared. EDEM is assisting Amarilto to put in practice the changes so to assure proper food safety standards. Company management was also assisted by EDEM in developing appropriate labels for two products and making connections with domestic suppliers of raw materials.

## **5. VILA, Maliq**

During the last year VILA hired an experienced mushroom farmer from Serbia, conducted an unsuccessful trial in growing white button mushroom (*Agaricus bisporus*) and finally harvested and began sales of its first crop of fresh mushrooms. EDEM has continued to work with the firm in resolving various issues related with compost, production, packaging and distribution. EDEM has also assisted VILA's owner in successfully negotiating with a Tirana bank the restructuring of an existing loan to help



ease pressure on the firm's current cash flow. EDEM introduced the company to a mushroom growing company in Macedonia, which has agreed to supply raw material.

With key production issues addressed, the firm's attention has shifted to sales and its distribution network. EDEM is assisting VILA in researching Tirana markets, identifying sales channels and introducing its fresh and preserved mushrooms to key institutional buyers in Tirana. Through this effort the firm has begun supplying to EUROMAX, the newly opened supermarket in Tirana. At present it is VILA's key customer. The firm has equipped an additional growing (dark) room with heating and ventilation equipment.

## **6. Vellezerit A&K, Divjaka, Lesha**

This company, established in 1994, is one of the leading consolidators in Albania engaged in the export of fresh fruits and vegetables. In addition to the distribution of fresh fruits and vegetables to supermarkets and retail outlets in Albania, the company has successfully exported its products to the Netherlands (mainly cauliflower) and has also started to gain a foothold in the UK market by exporting watermelons and cantaloupe. The company is cooperating with more than two hundred farmers in the Divjaka area, and has more than 50 ha of its own land, which is mainly used for growing cauliflower.

The company is in the process of finishing the construction of a modern cool storage facility, which will increase and improve its export capabilities. EDEM has assisted the company to obtain a EUR 150,000 loan to complete the construction of this facility and also provide working capital for the coming export season.

The main focus of EDEM's assistance to this company has been to expand the market coverage of the company. To this end, the company was introduced to the management of the new Euromax supermarket in Tirana, and has become the supermarket's main supplier of locally produced fresh fruits and vegetables. It should also be noted that Vellerezit VK also secured an agreement to supply fresh meat to this store.

EDEM introduced the company to two major Norwegian importers of fruits and vegetables, i.e. Hoff Industrier, a major processor of potato products and Interfrukt, a major importer of fruits and vegetables.

EDEM facilitated the shipment of a sample batch of potatoes to Hoff Industrier, which was tested at its laboratory. The tests came out very positive resulting in Hoff requesting an offer for baking potatoes. This offer is currently being evaluated by the management of Hoff Industrier.

In September, two Interfrukt key executives visited Albania on the invitation of EDEM to explore the possibilities of introducing fresh fruits and vegetables from Vellerezit A&K to the Norwegian market. The representatives expressed satisfaction with the level of professionalism that they saw in terms of the fruit and vegetable production system organized by Vellerezit A&K. Given that Albanian producers can meet the exacting standards required and be competitive in terms of price, of which the cost of the logistics

chain will be an important factor, the Interfrukt representatives expressed interest in testing Albanian fruits and vegetables in the Norwegian market. Interfrukt has requested an offer for delivery of products, and the first trial shipment of cauliflowers and potatoes are expected to be shipped to Norway in December.

## **7. Shkalla, Tirana**

Shkalla is the only Albanian producer of organic olive oil, having received organic certification from an internationally recognized organic certification organization based in Switzerland. Using technical assistance from SBCA and other international organizations, this woman-owned and operated company has acquired and operates with state-of-the-art equipment from Italy to produce high grade olive oil for human consumption.

Currently the main activity in addition to the production of organic olive oil is contract pressing for local farmers and production of olive oil for sale in the domestic market. The organic olive oil is produced for and exported to a major chain of health food stores in Switzerland. Potential exists for export to the EU and possibly also to other export markets.

The company has made major investments in expanding its production capacity and upgrading its equipment, and thus it has the capacity to expand its market coverage both in the Albanian and in international markets. Low utilization of the equipment and increased processing capacity at local competitors will require the owner of the company to market the product on new markets. The main focus of EDEM's engagement with this company is to assist in finding other export market opportunities both for organic and conventional olive oil, and thus ensure that the company can utilize its increased production capacity.

## **8. Eri Trans, Marikaj, Tirana**

EDEM is assisting this company in identifying potential suppliers for its planned acquisition of new and used transportation equipments (i.e. trucks and trailers) and also to evaluate new market opportunities for its services.

## **9. Other companies.**

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Initial contacts have been made with companies engaged in the construction, wood processing and furniture, and the fruits and vegetable industries. The initial contacts have been made for the purpose of evaluating these industries and individual companies within these industries as having potential to form the basis or core for industries, which potentially could benefit from application of a cluster-based assistance effort.

## C. SME DEVELOPMENT

(Principle EDEM SME development activities not addressed elsewhere.)

### *Year 2 Highlights*

The main goal of EDEM's training activities is to prepare a corps of professional trainers with the requisite professional skills to prepare themselves to take advantage of market opportunities that will arise in the future, when Albanian private business managers and owners are ready and willing to pay for such services.

To this end the key focus of EDEM's training activities has been to develop local professionals that will be provided with both skills in terms of the subject matter, but also in terms of skills to function as effective trainers. All training activities have therefore included a "training of trainer" (TOT) activity in addition to the training in the subject matter (e.g. management, marketing, accounting, tourism tour guiding, etc.). In this regard EDEM has focused on the development of professionals with the requisite skills in their respective professions to teach them to become effective trainers capable of delivering training courses and perform management consulting services to the SME business community. Some of these individuals are associated with a Business Service Provider (BSP) or a company, while others are working as independent consultants. EDEM's main goal is not necessarily to create sustainable BSPs, but to develop individual trainers and consultants with sustainable skills that can be marketed to companies. Since an organized BSP can be an effective vehicle to market and coordinate training and management consulting activities, EDEM has encouraged the individual trainers receiving training from EDEM to associate with existing BSPs or organize new ones to market and coordinate their services. EDEM considers the trainers, who are being trained in the training programs and the BSPs, with which they are associated, as strategic partners to ensure the sustainability of the training activities EDEM conducts.

In addition to its activities in training EDEM's SME Development efforts include providing management consulting type services to client companies assisted by EDEM with emphasis on finding financing solutions.

The highlights of activities and results achieved in first part of Year 2 include:

*BSPs and Trainers as Strategic Partners* - In addition to several independent consultants, EDEM is actively working with four Business Service Providers (BSP), all of whom have had key representatives participate in EDEM's TOT training programs. These BSPs are CIVET, EPTA, RDA (Tirana), and Quality & Standards Association. EDEM will continue its efforts to develop the capabilities of Albanian BSPs and will expand efforts to include BSPs from throughout the country. In line with EDEM's focus on BSPs as strategic partners, EDEM has started preparing company profiles for the BSPs that are cooperating with the project and monitoring their results.

Leadership Training for partner BSPs and Trainers - Responding to a need expressed by many businesses, EDEM initiated a training program in business leadership for industry leaders and business service provider leaders. Effective leadership is widely recognized as key to the success of businesses and their ability to become and remain competitive in the ever challenging market place. To supply this much needed knowledge and skill, EDEM developed a Leadership Training pilot model. EDEM began the program with a four day demonstration in October with the Leadership Training Module (LTM) given to 12 representatives from local BSPs, owners/managers from EDEM assisted firms, and individual management consultants. From this group seven persons were invited to attend an intensive training course in December on how to deliver the LTM course to company management team members and to be qualified as members of a Leadership Training Team. This Leadership Training Team is considered the core members of a resource group to conduct on-going leadership training seminars for Albanian business managers throughout the country.

Leadership Training delivered by partner BSPs and Trainers - The first leadership training was given by trainers trained by EDEM on February 8 to 11. Representatives from 12 companies representing a wide variety of industries participated in the training. Several of the participants, who were owners and top managers of privately owned companies, were so impressed with the training that they started to make arrangements for the participation of their staff in subsequent seminars or for the seminar to be given specifically to their employees.

TOT in Management Skills and Human Resources Management - Following the model successfully used to develop a group of BSPs capable of delivering effective Leadership training; EDEM undertook an effort to train these BSPs and others in the practice of Human Resources Management. A TOT course in Management Skills and Human Resources Management was conducted from June 20 to 23. The purpose of this training was to develop skills for human resources management leading to improved performance and profitability of businesses. The 13 individuals that participated in the training session are able to assist managers, business leaders, and supervisors of employees in large, medium and small businesses develop skills for human resources management leading to improved performance and profitability of businesses. The training program was designed to combine the theoretical business management concepts with practical cases from the reality of doing business in Albanian business environment.

Business Ethics Training of Trainers - The business ethics training program was developed by EDEM's local subcontractor, IDRA, and was delivered in a TOT training seminar held from April 25 to 27. The participants were potential trainers from BSPs, Chambers of Commerce and business associations. Trainers were enabled to train owners, managers and employees of business enterprises in addition to government representatives on all levels on the subject of business ethics as a management discipline. The training program was designed to combine the theoretical business ethics concepts with practical cases from the reality of doing business in the Albanian business environment.

*Banking and Communication Workshops* - Responding to two separate needs identified by many businesses for information on how to deal with banks and how to effectively develop promotional campaigns, EDEM developed a Banking & Communication workshop model. In November and December workshops were held in Vlora, and Korca. The aim of these workshops was to give an overview of SME lending institutions and the services they offer, bank requirements for SME lending, including documentation, and to provide an introduction on communication issues, how to build a PR office, and the importance, advertising, media. The workshops were valuable tools to introduce the EDEM project in the regions of the country outside the immediate Tirana area.

*Assistance in Financing of SMEs* – EDEM has established positive contacts with all major banks, financial institutions and micro credit lenders providing financing to the SME sector and has assisted several of client firms in obtaining financing at favorable terms. EDEM assisted the USAID Mission in its efforts to introduce a DCA bank guarantee facility

*Assistance to Association* - EDEM assisted the NGO Education and Promotion of Tourism in Albania (EPTA) to obtain funds from the Soros Foundation to provide training courses to the tourism industry. The funding amounted to \$7,000, while the total budget for the training was \$13,000.

#### **4<sup>th</sup> Quarter Activities and Results**

In the past quarter the activities were focused on the following:

*TOT in Effective Management Skills* – The purpose of this three day training of trainers course was to develop skills for human resources management leading to improved performance and profitability of businesses. Participants were individual consultants and trainers and representatives of partner BSPs..

*Accounting Training* – EDEM has begun discussions with potential partners to design and deliver training courses in accounting and financial management based on International Accounting Standards (IAS), the implementation of which in Albania will be a requirement for the business community as of January 1, 2006. The aim of the training courses is to respond to a growing need and demand for training from accounting professionals and the managers/owners of SMEs in the light of upcoming changes to implement accounting standards in accordance with IAS. The objectives of these training courses are as follows

- To train local professionals (i.e. accounting experts and certified accountants) drawn from the membership rolls of the professional accounting institutions (i.e. IEKA, LPKM, and SHFKSH) on the new national accounting standards applicable for financial statements starting from January 1, 2006.
- To train financial managers and accountants of businesses on IAS and how to prepare financial statements based on these standards.

- To train non-financial managers on how to read financial statements and how to use accounting information in the decision-making process and thus make more informed and better decisions.

The program will include preparation of the training module, training of trainers and also training the businesses and managers.

*BSP Seminar* - On September 7 and 8 EDEM organized a BSP Seminar to assist start-up BSPs in the formation and development of their businesses by preparing them to confront the difficult issues of structuring, partnering, develop a clear set of intentions, values and a vision for what to offer. Sixteen participants took part in this event.

*Assistance to Partners in Establishing BSPs* - EDEM has provided advice and assistance to individual trainers having participated in EDEM training activities on how to establish their own BSPs. EDEM has worked with four individuals interested in establishing BSPs.

*Expand the Pool of Trainers and BSPs* – To ensure that there will be a sufficiently large pool of trainers available to assure continuity and sustainability of the training programs, EDEM has worked to identify potential candidate BSPs and individual trainers to recruit and train them in modern training techniques and also to provide them assistance to operate their businesses either as BSPs or as independent consultants/trainers..

In the coming year it is expected that this group of BSPs and individual trainers, in close cooperation with EDEM, will start to conduct Business Management, Leadership, Human Resource Management and Business Ethics seminars and training courses in addition to the new training courses to be developed in the coming year (e.g. accounting and financial management and sales/marketing) to interested businesses in all parts of Albania. The pool of trainers from BSPs and those acting as independent consultants/trainers will also be expanded.

## **D. MARKETING**

### **Year 2 Highlights**

(Principal EDEM marketing activities not addressed elsewhere)

Marketing assistance provided by EDEM addresses specific needs of firms as well as those of industries in general. Firm level assistance in marketing has been included in other sections of this report. Following is a list of activities that targeted in assisting groups of firms in expanding their businesses in the local as well as export markets:

- Identifying potential export capabilities of firms and other key export services providers.

The project has evaluated the present production capabilities of growers in the Lushnja – Divijaka region including potential consolidation facilities. Through follow-on dialogs one capable firm (Vëllezërit AK) has emerged in meeting export standards and consolidation requirements. Two road transportation and freight forwarding firms (Eri Trans and Jon Euro Trans) have also been identified as capable of providing cost effective and reliable trucking and customs clearance services for export/import trades.

- Assisting groups of firms expand distribution through EUROMAX, the first supermarket in Albania.

EDEM has introduced several firms (processed meat, fresh vegetables, and fresh mushrooms) to the management of EUROMAX through a buyer/seller conference held at the firm's main offices in Tirana. The project has conducted guided tour of production facilities of firms in Korça in order to facilitate EUROMAX's senior manager observe and evaluate these firms' potential to supply products under strict specifications and delivery requirements.

Based on the interest generated EDEM facilitated follow-up meetings between EUROMAX's buyers and several producers and processors of fresh fruit and vegetables, e.g. Vëllezërit A&K, Vila sh.p.k. Amarilto, Federation of Myzeqeja Farmers, Producer Association Darsia, and several meat companies. EDEM assisted these firms in preparing offers based on the supermarket's requirements and facilitated contacts with domestic suppliers of packaging materials. These efforts have assisted firms negotiate and sign supply contracts in the last three months. Among others Meat Master, VILA Sh.p.k and Vëllezërit AK are supplying processed meat, fresh mushroom, fresh produce and fresh meat to EUROMAX on a regular basis.

- European Article Number (EAN) Bar code.

Since numbering products with standard barcodes (EAN) is a prerequisite in distributing packaged products in modern commerce and is increasingly so in Albania and the Balkan region, EDEM has assisted firms in understanding the use of this technology.

Since GS1, the organization issuing EAN codes, doesn't currently have a local presence in Albania, Albanian businesses can obtain the codes only through GS1 offices in Belgium or a neighboring countries (Italy, Greece). EDEM is continuing to work with several organizations for fostering the development of EAN code issuing facility in Albania.

Meetings were conducted with representatives of the Ministry of Agriculture and Food, Export Promotion Agency, Center for Agribusiness Studies (an Albanian NGO willing to support the process), Chamber of Commerce and GTZ Project. These organizations have expressed interest in working together. Export Promotion Agency is to take lead in this initiative. In the coming months, EDEM will work with businesses in educating them on the use and benefits of using EAN barcode.

## E. BUSINESS ENVIRONMENT

### Year 2 Highlights

Improving Albania's business environment is an important objective of EDEM. Year 2 activities were designed to focus mainly on the transparency issues as a precondition for creating a better business climate and reducing corruption in business-government interactions. A new dimension this year was the introduction of Business Ethics training. This component is based on the fact that an important element of improving the business environment is also self-regulation of the business sector to create a level-playing field for fair competition. EDEM continued to monitor and input into the Government Anti-Corruption plan.

The main activities and results in Year 2:

Business Corruption Survey – In cooperation with USAID's anti-corruption project, EDEM conducted a business corruption survey to assess the business environment in Albania in relation with corruption as an impediment to business growth. The survey served as a baseline for business environment indicators of EDEM project. The Year 3 survey is currently under way as a part of an integrated effort between EDEM and USAID's Rule of Law project that will examine households, public administration, and the business community.

Monitoring report for the Government Anti-Corruption Matrix – EDEM, through its local subcontractor IDRA, presented to the Anti-Corruption Unit of the Council of Ministers comments and suggestions for the Anti Corruption Matrix 2004-2005. These comments and suggestions aimed to improve the draft of the Unit's 2004-2005 action plan for fighting corruption. The paper was delivered to all the participants at the February meeting of the Anti-Corruption Unit. Almost all the suggestions were incorporated in the Matrix. The report of Anti-Corruption Matrix can be found in: <http://www.idra-al.org/pdf/en/Matrix2004-2005IDRAenglish.pdf>.

Tax Guide 2005 – On behalf of EDEM, IDRA published a Tax Guide 2005. The guide provides a comprehensive review for Albanian business on Albania's tax system after the changes of the 2005 fiscal package. The guide was distributed to EDEM assisted business Chambers of Commerce and business associations. The guide is also published on the ALBIC portal and is free of charge for all interested users. ([www.albic.net](http://www.albic.net) – 3,000 visits a day).



Business Ethics, ToT – EDEM, through IDRA, developed and conducted a Training of Trainers (ToT) in Business Ethics. The training was developed to prepare a pool of trainers for delivering Business Ethics training to Albanian businesses. Participants in the trainings were from BSPs, Chambers of Commerce, business associations as well as other EDEM trainers. Eighteen people were trained representing Tirana, Gjirokastra,



Korca, Shkodra, and Elbasan. The trainers will in turn train businesses in their respective municipalities. Based on this training, the Gjirokastra Chamber of Commerce has initiated, with EDEM support, the preparation and signing of a Declaration of Values for its members.

*Public Procurement Guide* – With EDEM’s support, IDRA has prepared a “A Guide on Public Procurement” to help support the development of transparency in government/business interactions. The Guide is the first effort to target the business community by simplifying the understanding of the government’s procurement process and procedures. Efforts to date focused on preparing guides for public procurement officials and were very complicated and technical to the business community. The guide has been distributed widely to EDEM assisted businesses, Chambers of Commerce and business associations and is available electronically on the ALBIC portal (<http://www.albic.net/Shqip/InfoBiznesi/ProkurimiPublik/ppbazaligjore.htm>).



*Export Guide* - Another guide prepared by IDRA with EDEM’s support to help improve the competitiveness of Albanian businesses is the “Export Guide”. This comprehensive and practical guide of export procedures and processes is now being finalized and will be available in early Fall. The guide contains valuable information for businesses on such areas as : i) Trade Regime of Albania with EU and other neighboring countries; ii) Quality systems and certificates for successful exporting; iii) Custom procedures for exporting; iv) transporting of export goods; v) insurance; vi) export contracts; vii) dispute resolution; and viii) export financing. The guide will also be published on the ALBIC portal.

*Sector Assessment of Albanian Economy* – During the second quarter of the 2005, IDRA on behalf of EDEM prepared for USAID a paper on “Sector Assessment of Albanian Economy for Borrowers Analysis”. The paper includes section on the legal and regulatory environment, brief assessments of competitive sectors of Albanian economy, financial market assessments as well as corporate governance issues.

#### **4<sup>th</sup> Quarter Activities and Results**

*Export Guide for Businesses* - The Guide is being finalized in preparation for distribution to Albania’s business community. It will be distributed in hard copies (500 copies) as well as published electronically on the ALBIC portal ([www.albic.net](http://www.albic.net)).

*Guide on Public Procurement for businesses* - Almost 400 copies of the guide were distributed to individual businesses, chambers of commerce and business associations throughout Albania.

*Business Corruption survey* - During this quarter, EDEM reviewed this activity in order to coordinate with the USAID Rule of Law project, which will conduct a set of interviews to assess corruption level in Albanian society (households, public

administration, and businesses). The two projects will coordinate their efforts by developing a combined survey instrument and by the sharing the survey results.

*Business Ethics Seminars in Gjirokastra and Korca* - In Gjirokastra a seminar is being prepared in cooperation with the Chamber of Commerce to introduce to businesses the Declaration of Values. This Declaration, prepared by EDEM (IDRA) in cooperation with the Gjirokastra Chamber of Commerce will be adopted by the Chamber's members and serve as a catalyst for adoption of a Code of Ethics by individual companies.

## **F. COMMUNICATION**

Making the public, general business community and the government aware of Albania's need to significantly increase its competitiveness capability if its economy is to grow, is a core objective of EDEM. Emphasis has been placed on the need of the Albanian industries to be competitive in the global market place through promoting Albania's ability to compete successfully in export markets and the capability of Albanian firms to capture the domestic market. In addition the EDEM has assistance at the firm level to increase the companies' ability to market themselves.

### **Year 2 Highlights**

In Year 2 EDEM began publishing a regular Newsletter reporting on the project's activities and covering other issues relating to increasing Albania's competitiveness capabilities. The first of four issues published during the year came out in December 2004. Approximately 500 copies of the newsletters are delivered electronically and in hard to the Albanian business community, government institutions, donor projects, BSPs, and other interested individuals and organizations. The project also developed and widely distributed a new project brochure that describes the purpose and approach of the EDEM project

EDEM provided assistance to 18 businesses in helping them to build their business image, designing and printing promotional materials for participation in different trade fairs (9 business cards, 14 leaflets, 4 posters, 7 labels, 1 brochure, 5 logos, banners, hats, T-shirts, letter heads, and e-mail accounts). In addition assistance was offered in arranging media coverage for specific company promotional activities.

EDEM organized two communication training events that drew 61 businesses and 8 media outlets. The training events provided the participants necessary information related to communication, its important role in developing a successful business, the best ways to communicate, how to develop appropriate promotional materials, and the importance of using modern IT tools to promote and carry out business activities.

EDEM arranged media coverage for several activities organized by EDEM-assisted companies that resulted in the participation of 46 print and electronic media outlets.

Thirty five relating to EDEM-assisted companies/industries or EDEM activities were published in Albania newspapers and magazines. A number of articles were initiated by journalists who used EDEM as an information source. The information provided by EDEM was used by the journalists to raise awareness on development and different issues about the industries that EDEM is focused on. Thirteen press releases were prepared for companies assisted by EDEM.

EDEM undertook a number of significant communication activities related to promoting Albania's tourism industry.

a) The first edition of the "Greetings from Albania" a post card campaign involving Albanian youth was organized and implemented with outstanding results. Initiating the campaign an invitation to submit postcards depicting tourism opportunities in their local communities was distributed to Albanian young people through the school system and via publication in "Trendy" magazine and announcements on the national TV program "Troç"("Open"). Six media outlets participated at the prize award ceremony (2 TV stations, Albanian Telegraphic Agency, "Trendi" magazine, "Biznesi" newspaper, and "Ekonomia" newspaper). A 45 minute TV program for young people on Top Channel TV was dedicated to the postcard campaign and Albanian tourism. Around 9,000 on-line messages from young Albanians living all around the world were exchanged during the program. The postcards and accompanying messages were posted on [www.Shqiperia.com](http://www.Shqiperia.com), as a digital postcard album of Albania. The cards were also posted at [www.usaid.com](http://www.usaid.com) and published in the Front Line newsletter. Several hundred copies of the postcards have been distributed at trade fairs and other tourism events. The second edition of the "Greetings from Albania" campaign has been initiated and will be finalized in Year 3.

b) Assistance was offered to participants of the Berlin International Tourism Fair on how to communicate more effectively to international media, how to write a successful press release, and how to prepare appropriate trade fair promotional materials. The participation of the Albanian tourism professionals in ITB was covered in by Deutsche Velle Radio. A 25 minute TV program was prepared for TVSH covering the participation of Albanian ITB participants.

c) Assistance was offered to participants for the Kosovo and Macedonian Tourism Trade Shows in preparing promotional materials. EDEM arranged coverage of the events and arranged the participation of Voice of America, BBC, Kosovo News Agency, 4 Albanian, 1 Macedonian and 11 Kosovo print and electronic media. Special programs were arranged for Kosovo TV 21 and Albanian Koha TV.

d) A press release was provided to local media announcing the ability of Albanian hotels' to accept on-line booking online. The news about the on-line reservations was broadcast by Top Channel, TV Arberia, Neser TV, Top Albania Radio. Articles about on-line reservations appeared in "Biznesi", "Korrieri", "Shekulli" daily newspapers.

e) Two groups of foreign journalists from Great Britain, Germany, Serbia, and Italy, supported and sponsored by tourism cluster members, were brought to Albania by EDEM to visit and wrote articles about Albania's tourism opportunities. One regional TV produced a TV program with interviews for the visit of the journalists.

Ms Rebonja from Belgrade, Serbia said:

*"Many agencies will be interested to know what Albania has to offer in terms of tourism. It is not well known. I think there will be a lot of people interested in knowing what is happening in Albania. More information about the positive things and more understanding about the people will be helpful. In one way, I have something of a mission to let people know that bridges could be created especially through tourism. Tourism can play a very constructive role towards improving understanding between the people in the region."*

#### **4<sup>th</sup> Quarter Activities and Results**

The 4<sup>th</sup> issue of EDEM's newsletter was published and circulated to 500 individuals and organizations.

A new project brochure was developed, produced and distributed as a vehicle to describe EDEM's objectives and approach.

The article of Peter Lynch, a foreign journalists who participated in the May press tour, published initially in the American newspaper "Reading Eagle" was re-published in three of Albania's biggest daily newspapers.

The 2<sup>nd</sup> "Greetings from Albania" post card campaign was initiated with announcements on local and regional TV stations. The media campaign will help to let children all around the country know about the post card campaign and encourage young people to become involved in promoting their country through tourism.

A 45 minute TV program for young people on Top Channel TV dedicated to the postcard campaign and Albanian tourism was broadcast. EDEM presented the campaign and promoted the upcoming 2<sup>nd</sup> edition of the postcard campaign. Around 9,000 on-line messages from young Albanians living all around the world were exchanged during 2 days in this program.

TV Koha was assisted by EDEM in production of a series of two documentaries (40 min each) about Voskopoja and its efforts to promote the community's tourism opportunities.

A three minute report on the Albanian herbs and spice industry was arranged and facilitated with A1 TV.

During the Quarter, EDEM continued to provide communication assistance to a number of companies in efforts to help the companies increase their marketing and public relations capabilities.

- a label for lavender sachet bags was produced to support the participation of a herbs and spices company at the New York Gift Show.
- 3 labels for peach jam (3,000 copies printed), compost (10,000 copies printed) and canned red pepper (10,000 copies printed) were produced for the Amarildo food processing company.
- a 14 day promotional campaign was designed and implemented for the Albidea Meat Company products in conjunction with the Miss Globe International Contest 2005. Activities included: a 12 minute TV program broadcast on National Klan TV was designed, scripted and edited by EDEM; a reception for contest participants was arranged; photos for the activity and to be used for later preparation of a recipes book with Albidea products were produced; and an article was published in “Biznesi” daily newspaper.
- promotional materials for the Bleart Hotel in Durres were designed and produced.
- promotional materials (banner, hats, T-shirts) for the Rozafa Kaci Meat Company were designed and produced in support of a marketing campaign for the Shkodra and Durres areas.
- promotional materials for Vellezerit A&K, a Divjaka fruit vegetable exporter, were designed; a 15 minute special edition feature was arranged for Vellezerit A&K on Top Channel.
- a 40 min TV documentary was arranged and facilitated with Koha TV for Real Scampis Hotel in Elbasan.

## **G. ADMINISTRATION**

### **Year 2 Highlights**

#### **Summary**

During Year 2, EDEM continued its transitioned from its original sole reliance on use of a cluster approach to spur an increase in the competitiveness capability of the Albanian business community to an approach that increasingly relied on firm level support. While not abandoning the cluster approach concept, EDEM, and USAID, recognized that a number of the project’s original assumptions did not stand up when tested against the reality of Albania’s situation. As a result EDEM proposed, and USAID accepted, in September 2004 and Updated Strategy. Implementation of the Strategy was central to

EDEM's efforts in Year 2. Supporting the Updated Strategy, DAI proposed, and USAID accepted, a Request for Budget Realignment and Supplemental funding. With the changes brought by these two actions now completely in place, EDEM is functioning and delivering results fully in line with USAID's expectations.

With one exception EDEM's staffing situation stabilized over the year. All EDEM positions, both direct hires and subcontract seconded individuals remained filled by the same individuals throughout the year except for the tourism business development specialist position. That position has now been filled with an exceptionally qualified individual and is effectively contributing to EDEM's efforts.

In August, EDEM moved its office location to the center area. At the former location, problems were encountered with the building owner who refused to make infrastructure repairs and on several occasions tapped into EDEM's electrical supply even though he had been told not to.

*Short Term Technical Assistance for the period Oct. 1, 2004 - Sept. 30, 2005*

<b>Name</b>	<b>Arrival date</b>	<b>Departure date</b>
1. Scott Wayne	9/26/2004	10/10/2004
2. Dan Edwards	10/2/2004	10/15/2004
3. James Parchman	10/3/2004	10/16/2004
4. Maureen DeCoursey	10/16/2004	10/23/2004
5. Peter Furth	11/16/2004	11/24/2004
6. Augusto Zink	11/29/2004	12/11/2004
7. Dan Edwards	11/29/2004	12/18/2004
8. Scott Wayne	01/25/2005	02/08/2005
9. Scott Wayne	03/16/2005	03/28/2005
10. Derryck Cox	03/29/2005	04/09/2005
11. James Parchman	4/9/2005	04/30/2005
12. Scott Wayne	5/18/2005	6/2/2005
13. Dan Edwards	06/11/2005	6/24/2005
14. Scott Wayne	7/16/2005	7/18/2005
15. Scott Wayne	8/28/2005	9/8/2005
16. Dan Edwards	9/5/2005	9/16/2005
17. Jerry Martin	9/23/2005	9/27/2005

In addition, throughout the year the project received continuing US-based support from: Scott Wayne, tourism; James Parchman, leather and footwear; and FFF Associates, herbs and spices.

#### **4<sup>th</sup> Quarter Activities and Results**

During the Quarter three STTAs traveled to Albania in support of the EDEM project

Consultant	Assignment Dates	Assignment Summary
Scott Wayne	July 16 – 18	Accompanied a visiting group of travel writers on tour of Albania as an adjunct to the writers visit to Macedonia.
Scott Wayne	Aug. 28 – Sept. 8	Advanced the tourism cluster development process through assisting in 3 main focus areas – marketing and promotion, training and education, and government and advocacy; meetings and telephone conversations with cluster members and industry stakeholders; assisted 3 travel associations; introduced Web Reservations International system allowing hotels to receive on-line bookings; supported re-launch of the Greetings From Albania postcard campaign; introduced EDEM's tourism efforts to the new PCVs.
Dan Edwards	Sept. 5 – 16	Design a two-day module BSP Development for 19 Participants who aspire to be Albanian business people; conduct a two-day training event to demonstrate to start-up Albanian BSPs how to structure and develop a service business; develop a training plan that will lead into the FY 06 project work plan.
Jerry Martin	Sept. 23 – 27	Assist EDEM's and USAID's efforts to plan for the Project's Year 3 activities in a manner designed to maximize Project accomplishments.